



ANNUAL TAX SALE PROCESS & PROCEDURES

Tax Sale: Truth and Deed

The District of Columbia Annual Tax Sale is a statutorily required public auction of properties for which real property taxes have not been paid for one year or more. It is the District's vehicle for recovering tax revenue needed to fund vital city services.

A Tax Sale does not automatically convey title to a purchaser, since there are legal procedures before becoming owner of an auctioned property. The current owner may pay the taxes owed and recover ownership of the property up until the time a deed is issued to the Tax Sale purchaser.

In the District of Columbia, approximately 95% of Tax Sale properties are redeemed by owners after the auction.

All types of properties are sold at the Tax Sale, including single family homes, apartment buildings, office buildings, stores, and vacant and abandoned buildings.

1. Final Notice of Delinquency. The Final Notice of Delinquency is the first step in the Tax Sale process. This notice is mailed to owners of properties that may be sold at the Tax Sale. The delinquent owner must pay the bill in full, by certified check or cash, to prevent the property from being advertised and/or sold at the Tax Sale.

- 2. Newspaper Advertisement.** Properties to be sold at the Tax Sale must be listed in two local newspapers. Not every property listed in the newspaper will be auctioned. As property taxes are satisfied, properties are deleted from the Tax Sale list.
- 3. Property Inspection.** It is strongly recommended that anyone interested in purchasing a property at the Tax Sale inspect the property prior to the date of the auction. It is equally important to research other liabilities that may be on the property.
- 4. Tax Sale Registration.** Interested buyers must register to participate in the Tax Sale. No individual or business entity may register for the Tax Sale if that individual or entity owes taxes to the District of Columbia. At the time of registration, the buyer must pay a deposit equal to 20% of the amount he or she intends to bid, or \$100, whichever is higher. (Please be advised that owners whose bid(s) exceed the 20% deposit limit may be in danger of forfeiting 20% of that deposit.)
- 5. The Auction.** Bidding begins at the amount of the delinquent taxes and increases in increments. The winning bid amount is the last figure called by the auctioneer. The successful bidder must pay the bid amount in full within five business days from the last date of the Tax Sale.
- 6. Waiting Period.** A purchaser must wait six months before beginning court action to obtain the property. On the fourth month of the waiting period, a buyer may begin to conduct a title search of the liens. The title search must be performed by a qualified title company that meets the requirements established by regulation.
- 7. Foreclosure Action.** Once the title search is completed, the purchaser may file an action with the District of Columbia Superior Court to foreclose on the owner's right of redemption.
- 8. Right of Redemption.** The owner may redeem the property at any time prior to the issuance of a court order that forecloses the right of redemption of the property owner. If the owner redeems during or after the six-month waiting period, but before a foreclosure action is filed, the owner must pay all real property taxes, assessments, fees and cost assessed against the property and pre-complaint expenses incurred by the Tax Sale purchaser. The pre-complaint expenses have been set by statute. If redemption occurs after the six month waiting period and after the foreclosure action is filed, the owner must pay all taxes, assessments, fees, and costs assessed against the property-owner; the pre-complaint expenses incurred by the Tax Sale purchaser; and legal costs. The Tax Sale purchaser will be reimbursed the purchase price plus

interest paid at 1 1/2% per month upon the owner redemption. Note that interest is only paid on the amount of the purchase price, which represents the delinquent tax. Interest is not paid on any surplus amounts.

9. **Tax Deed.** A purchaser must receive a court order granting the right to be issued a tax deed. Once the court order has been issued, the purchaser must pay all taxes, assessments, fees and costs (including penalties and interest) assessed against the property.

Real Property taxes are the responsibility of every property owner in the District of Columbia. Revenue from these taxes supports city programs and facilities, including schools, libraries, police, fire and other emergency systems, and street cleaning and repair. When property taxes become delinquent, however, the loss of revenue threatens the city's infrastructure.

The city government receives no ancillary profit from the auction of private properties. There is greater benefit for all when owners pay tax bills timely and maintain stable and long-term property ownership.

The Office of Tax and Revenue is available to help. Our representatives work with taxpayers to help them understand their rights and responsibilities and satisfy debts, prior to and after the Tax Sale.

This brochure provides information on the tax sale process, legal requirements, and redemption procedures. It also provides helpful advice to those interested in purchasing a property at Tax Sale.

For More Information please call us at

(202) 727-4TAX (4829)

Or visit our

Customer Service Center

941 North Capitol Street, NE, 1st Floor

Washington, D.C. 20002

Visit us on the web at

www.cfo.dc.gov under Taxpayer Services



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